



The Facts About ...

SBALowDoc & SBAExpress

The SBA's Administrator, Aida Alvarez, is announcing the further streamlining and expansion of two existing pilot programs, **SBAExpress** and **SBALowDoc**. These programs, coupled with enhanced management reporting and control systems, are expected to serve as cornerstones in the Agency's transition to a stronger and more responsive 21st century leading-edge financial institution. They also help SBA fulfill its mission to help small businesses succeed.

Small businesses need greater access to capital and credit, and they have a greater need than ever for small loans. **SBAExpress** and **SBALowDoc** loans were designed to meet this need. The programs have now been improved and streamlined based on successful pilot programs.

The new features include:

Further streamlining of the application process for both lenders and small business borrowers. For example, all **SBALowDoc** application forms will now be only one page.

Increasing the loan amount for both programs from \$100,000 to \$150,000.

Nationwide expansion that allows several hundred new lenders to participate in **SBAExpress**.

36-hour or less processing time for both programs.

Background:

This country's 23 million small businesses employ 53 percent of the nation's workforce and need quick access to small loans.

As part of the Clinton Administration Reinvention of Government, the SBA responded by creating two new pilot programs, the *LowDoc* Program in FY 1994 and FA\$TRAK (now renamed **SBAExpress**) in FY 1995.

LowDoc is open to all SBA lenders. It streamlined the application process, thereby creating a marketplace for smaller commercial loans where none had existed in the past. In FY 1997, 15,000 *LowDoc* loans were processed for more than \$847 million.

FA\$TRAK, the second pilot, was created in 1995, and included only 18 pilot lenders. The program simplified processing requirements for these lenders by authorizing them to use their

own forms, analyses, and procedures to process, service, and liquidate SBA guaranteed loans. During FY 1997, 4,100 FA\$TRAK loans were approved for \$191 million.

The Major Changes:

The maximum loan size for both programs is being raised from \$100,000 to \$150,000. This extra increase will enable SBA to better meet the demand of small businesses for more capital.

A quicker response by SBA on its decisions to guarantee the loan. Complete applications are being processed in **SBA^{LowDoc}** and Preferred Lender Program (PLP) centers within 36 hours.

A reconsideration process for a declined application is now available under **SBA^{LowDoc}**.

SBA^{Express} (the new name for the FA\$TRAK pilot) will allow lenders to provide their small businesses access to much needed revolving capital. This feature will allow lenders to satisfy small businesses' need for immediate short-term working capital.

SBA^{Express} will allow as many as 400 or more new lenders to participate in the program. These will include the better-performing lenders currently participating in the Agency's Preferred Lenders Program and in some areas, other selected lenders.

The improvements to these two programs will allow lenders an unprecedented opportunity to penetrate new and untapped markets. They offer small businesses easier access to the capital and credit they need to start, build, and grow their businesses into the 21st Century.